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TAGS: ECON PREL OECD EU KPAL IS
SUBJECT: JEC -- "ATMOSPHERE EXCELLENT"

Classified By: Ambassador Richard H. Jones for reasons 1.4 b and d.

¶1. (C) In a telcom with A/EconCouns, Michal Finkelstein, the Senior Advisor to the Ministry of Finance (MOF) DG, said that the third Joint Economic Committee (JEC) meeting held on June 16 between the Israelis and Palestinians went extremely well, with both sides arriving well prepared. She said that the atmosphere was "excellent," and that the recent Palestinian efforts to sabotage improved Israeli ties to the OECD and EU did not cast a pall over the proceedings. She said that the issue arose only when the Palestinians requested that Israel support their effort to obtain observer status at the World Customs Organization. Finkelstein noted that the irony of this request was lost on no one in the room and "resulted in some embarrassed laughter." She did not indicate whether Israel would support the Palestinian request.

¶2. (C) Finkelstein mentioned that PM Fayyad had just returned from Turkey prior to the meeting, which, she noted, could explain why the Palestinian side was willing to make a decision regarding the site for the Tarqumiya project. She said the Palestinians requested that the 40 percent of the proposed land for the project now designated as Area C land be redesignated as Area B. Indicating that such a request had to come in writing, Finkelstein expressed doubt that this letter would be forthcoming quickly. She added that when it comes, the MOF will support the redesignation, but she did not know how the Ministry of Defense would view the request.

¶3. (C) On Jenin, Finkelstein said that there are still numerous outstanding issues that have to be resolved. She said that the Israelis requested that the Palestinians prepare a detailed list of action items, carefully delineating which side needs to do what, and attaching a detailed timeline. While hopeful that this would be forthcoming, she expressed some doubt about this as well.

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JONES